



Weekly Report

the authoritative reference on Congress

WEEK ENDING SEPT. 11, 1953

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SMALL BUSINESS

Congress Checks On Its
Reaction To New Agency

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The Only News Bureau Exclusively Devoted To Congress



your congress this week

In The Know

Warren L. Stephenson, a Republican, admitted trying to sell Navy procurement information to a manufacturer for \$2,000 a month or four per cent of any increased share of contracts his influence could win. The Attorney General ordered an investigation.

Secretary of the Army Stevens assured Sen. McCarthy (R Wis.) that he will review the Senator's demands for release of the names of officials responsible for granting security clearance to three Army employees accused of Communist affiliation. McCarthy released an Army study of Russia, calling it "prize Communist propaganda." The Army said the Senator violated an espionage law when he released the "restricted" document, contended that he withheld its anti-Communist sections.

Cold War

President Eisenhower granted \$45 million in economic aid to Iran's new regime.

Rep. Andersen (R Minn.) began a tour of Europe with the goal of saving taxpayers "millions, perhaps hundreds of millions" on foreign aid.

Chairman Wiley (R Wis.) of the Senate Foreign Relations Committee said Konrad Adenauer's election victory may force Russia to accept German unification.

Cabinet

Secretary of Labor Durkin resigned in a disagreement with the Administration over revising the Taft-Hartley labor law.

Secretary of State John Foster Dulles denied reports that President Eisenhower objected to his comments on the German election and the status of Trieste.

Coming Up

Speaker Martin (R Mass.) reported that the public is not dissatisfied with GOP performance. Congress will let the excess-profits tax and increased individual income taxes die on schedule, he said.

Sen. Dirksen (R Ill.) predicted a Republican effort to force passage of a Fair Employment Practices Commission law next year.

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These stories are summarized from CQ's regular Weekly Report. For pages with more details, check Thumbnail Index, p. iii, inside back cover.

Chairman Bridges (R N.H.) of the Senate Appropriations Committee ordered a probe of possible mismanagement and fraud in the government's program for stockpiling strategic materials.

Chairman Short (R Mo.) of the House Armed Services Committee promised to fight any attempts to establish Universal Military Training in 1954.

Chairman Butler (R Neb.) of the Senate Interior Committee said he thinks Alaska's "rank and file" are convinced that statehood should wait.

Reps. Keating (R N.Y.) and Hillings (R Calif.) predicted that emergency immigration quotas established during the first session will not be filled.

On The Stump

Democrats, led by former President Truman and aided by labor leaders, lashed the Republican Administration in Labor Day speeches. Truman charged the GOP with sacrificing broad national interests to big business. Sen. Dirksen (R Ill.) accused Truman of placing party success ahead of national welfare.

Sen. Symington (D Mo.) declared that the Defense Department plans "to meet Russian bombers with a firmly balanced budget."

Administration

Fighting efforts to over-turn the submerged lands ("tidelands") law, the Justice Department demanded dismissal of a suit by Arkansas.

Southern protests won revocation by the Agriculture Department of a mandatory contract clause forbidding employment discrimination by banks handling farm price-support loans.

Story Of The Week...

\$\$ FOR SMALL BUSINESS

Lobbies Examine New Federal Agency's Plan For Drumming Up Private Loans

To Solve No. 1 Problem of Smaller Enterprises -- Need For New Capital

A new program for small business, currently being launched by the Eisenhower Administration, is already stirring up controversy in the lobby world and promises to become a political issue.

It's the program now being unveiled by the Small Business Administration, the independent agency created by Congress at its last session to succeed the Reconstruction Finance Corporation and the Small Defense Plants Administration. (CQ Weekly Report, p. 1026.)

In an important aspect of this program, that of financial assistance to small business, maximum emphasis is being placed on local, decentralized lending with the aid of private banking and finance. The objective is eventually to get government out of this field altogether.

REACTION MIXED

CQ interviews on Capitol Hill and among small business lobbies shows that reaction to this policy is mixed. One school of thought tends to regard it as "delaying action" in working out a "truly effective" small business policy. Another holds that the only answer to credit needs of small business lies in just the sort of grass-roots policy now being promoted by SBA.

Behind this difference of opinion is the basic question of how best to protect small business in an economy increasingly geared to the large-scale production needs of the U.S. mobilization program.

As the first independent agency set up to look after major small business problems, SBA has several functions. In the field of financial assistance to small business, it replaces two agencies discontinued this year. One is the Reconstruction Finance Corporation, the large banking and managerial agency which is to wind up its 22-year career June 30, 1954. The new Small Business Administration will assume RFC's authority to make loans to small business. RFC has authority to make loans until Sept. 28.

SBA also is assuming important tasks of the now defunct Small Defense Plants Administration, to obtain defense contracts for small firms, and to aid in having them financed where necessary.

SBA may undertake studies to determine the impact on small business of materials, price and wage controls, and consult with other federal agencies in developing regulations which would be equitable to small operators in the event general controls are re-imposed.

Another purpose of SBA is to provide technical and managerial assistance, without which small firms are frequently unable to remain up to date in production and marketing techniques.

SBA is currently on trial. It expires June 30, 1955, unless Congress likes it well enough to continue it.

The first part of this trial period is being devoted to developing ways of meeting the need of small business for financial assistance. The new administrator of SBA, William D. Mitchell, a lawyer and businessman from Denver, Colo., is holding a series of meetings with governors, bankers and businessmen over the nation to enlist their cooperation in a new lending program.

This program apparently fits into the over-all Eisenhower Administration pattern of greater reliance on states and localities, wherever possible, in carrying out policy in different economic fields.

"It is our aim to have created in every state and territory 'pools of credit' provided by forward-looking businessmen, to give financial assistance on the grass roots level to worthy small enterprises," explains Mitchell.

COPY MAINE PLAN

Mitchell told CQ that this program is patterned after the Maine Development Credit Corporation, "a pioneering project set up under a special act of the legislature, and creating a pool of venture capital."

"Private individuals and companies within the state subscribed to the stock," says Mitchell. "They were the stockholding members. Banks and other lending institutions were brought in as associate members; as they came in as associate members they brought with them credit commitments of up to 2.5 per cent of their capital and surplus, thus creating a very fine pool of venture capital."

"Maine has loaned some \$690,000 out of that Development Credit Corporation in approximately two years' time. They have brought 25 new small businesses into the State of Maine."

Massachusetts has even a larger program, according to Mitchell, who adds: "It is my firm intention to direct the efforts of SBA primarily toward the development of methods by which private financiers will be enabled eventually to supply all the legitimate credit needs of small business."

Donald Hipkins, Deputy Administrator of SBA, told CQ the new agency also is contacting large concerns, trying to persuade them to sub-contract to small firms.

In the area of procurement, meetings already have been held with top officials of the Department of Defense, General Services Administration, the Atomic Energy Commission and the Post Office Department, to develop measures for improving the present procurement program.

The program for providing management and technical assistance to small firms will be expanded gradually, and SBA intends to station managerial experts in its regional offices to counsel small business men according to Hipkins.

How Big Are Small Firms?

These long-range plans -- and creation of SBA itself -- have resulted from the fact that no Administration can afford to overlook the political importance of "small business."

Exactly what is small business? Experts differ on the answer. The dividing line between large and small enterprises is considered to be higher for manufacturers than for distributors, higher for wholesalers than for retailers, and higher for dealers in commodities than for dealers in services.

Some groups representing small business limit their membership to firms employing less than 500 people. This standard is accepted by the Department of Defense. On the other hand, the Census Bureau classifies manufacturers as small if they have less than 100 employees.

Other agencies and groups use sales volume as a criterion. For some, the limit is \$200,000 in sales, while for others it is \$100,000.

SBA officials currently are developing their own formula for defining small business. However, one spokesman for the agency said that, using almost any of the various standards, the percentage of small firms to all U.S. businesses works out roughly the same -- approximately 94 per cent, for manufacturing activity, and about 98 per cent for wholesaling, retailing and service activities.

Therefore, the mere size of small business in the economy makes it an important factor to be considered in the shaping of government policies affecting business.

But advocates of small business claim it is important for these other reasons: It provides competition which combats monopoly and strengthens the free enterprise system; and it offers the last remaining opportunity for the individual to start his own enterprise and

succeed or fail as the result of his own initiative and endeavor.

For these social and economic factors (along with the inevitable political ones), its champions say the conservation of small business is important to a balanced, high-production economy.

Business Headaches

Attainment of this objective is complicated by the fact that small business has many special problems -- problems which have been accentuated by the large-scale mobilization of American industry for national security.

One big problem today is financial. Small firms frequently are unable to get necessary credit through their banks, due to restriction of credit allowed by banks for working capital and current operations. Many small firms must resort to mercantile credit and finance companies -- and pay a higher cost for borrowing than large firms do.

Representatives of the Senate Small Business Committee told CQ they have received a heavy volume of requests for action on the financial needs of small business. SBA apparently will concentrate its early efforts in this field.

But friends of small business emphasize that channeling more funds to independent firms will not solve all their problems. Lack of managerial experience on the part of self-employed business men often is a major concern.

CAUSE OF FAILURE

Most authorities believe that this is the leading cause of small business failures. It may include such factors as inability to curtail overhead costs, inadequate knowledge of market conditions, lack of correct accounting procedures, and uncertain knowledge of federal laws.

Still another problem is presented by an alleged strong tendency for government procurement to favor large firms over small.

Economic controls needed to mobilize industry also frequently place small business at a competitive disadvantage. For example, price controls may continue unfair trade practices. Control over scarce materials may hold a life-or-death power over small firms.

High tax rates constitute still another major problem for small firms. The high surtax on low levels of corporate earnings and the excess-profits tax have allegedly hindered small concerns in their accumulation of sufficient funds from profits to meet working capital and investment requirements.

There has been a growing awareness of these problems in recent years, among Congressmen, government officials and small entrepreneurs themselves. Fifteen years ago there were no Congressional committees or government agencies, and practically no trade associations representing small business.

In 1940, the House and Senate Small Business Committees were established on a temporary basis. Soon after the outbreak of World War II, the Smaller War Plants Corporation was established. Following the

invasion of South Korea, in 1951, Congress set up the Small Defense Plants Administration.

In 1950, the Senate Select Committee on Small Business was made permanent (small business interests are now fighting to have the House group placed on the same basis). Chairmen of the Senate and House Committees are: Sen. Edward J. Thye (R Minn.) and Rep. William S. Hill (R Colo.).

Growing Strength?

Increasing recognition of the problems of small business is attributed by many to the growing strength and political awareness of groups which speak in Washington, for smaller firms.

Pressure groups in the small business field still can scarcely match those of farmers, veterans, big business and other interests, in size and political activity. However, they include men who are intimately familiar with the legislative needs of small business and who are experienced in the techniques of lobbying.

These men currently are busy studying the new loan program of SBA. In interviews with CQ, they have expressed sharp differences of opinion as to the program's possible effects, and nearly all have predicted vigorous lobbying activity for and against the program when Congress reconvenes.

Controversy often has flared among the 14 or more groups which speak, or purport to speak, for small business. Occasionally it has resulted from statements by Congressional committees, or others, that some of the small business organizations are merely "fronts" for big business and other interests.

Only a very few lobbyists are currently registered in the interests of small business in Washington. However, this is hardly indicative of true small business strength in the field, since most of the groups apparently exert indirect pressure on Congress through top officials and membership.

CQ was told that most small business groups are limited in their lobbying effort by small budgets. This probably is one reason for the limited number of lobbyist registrations. Another reason for the lack of Washington offices, however, is that a type of lobbying seems to be developing in the small business field which is especially adapted to the needs of small firms.

This pressure usually follows a pattern of membership polls; campaigns of letter-writing, wires and telephone calls to key Congressional leaders; and visits to Washington by top officials and members of individual groups.

Whether this pattern should be implemented by more Washington lobbyists representing small business is a lively subject of debate among the various groups. At one extreme are those who advocate one centralized association, with headquarters in Washington, representing all small business groups.

At the other are the advocates of the present grass-roots style of lobbying, who insist that this is the best way to insure large-scale membership participation in developing policy and contacting Congress.

National Federation

Among the leading critics of SBA's program of financial assistance, is a greying, energetic lobbyist with a large personal acquaintanceship in Congress. He is George J. Burger, vice president of the National Federation of Independent Business, whose 100,000 members in 48 states make it the largest single small business organization.

"Too much emphasis is being placed by SBA on private, local aid for small business," says Burger. "Most small firms have already exhausted these sources. They will not be satisfied with such a program. We hope that a more active policy will be instituted by SBA." "Failure to adopt such a policy will result in demands by local small businessmen that the agency 'carry out the will of Congress,'" he added.

Burger claims that few organizations are as well set up as his to launch a pressure campaign for the small business policy they desire. Members are kept informed on major issues through *The Mandate*, a monthly bulletin. This contains a pro-and-con discussion of each big issue and a blank ballot which each member can fill out and mail to the Federation's district chairman, who forwards them to members of Congress and Government officials.

To help keep the public at large informed on these issues, the Federation's headquarters in Burlingame, Calif., issues a weekly column which Burger says, is printed in 2,000 newspapers. Two or three times each year, the Federation runs a full-page advertisement in major metropolitan dailies, commenting on such topics as monopoly, high taxes, and small business credit needs.

Burger himself gained much of his experience in the retail tire field. He is credited with having pressed the effort to have the Senate Small Business Committee made permanent.

LEGISLATIVE VICTORIES

Following passage of the bill to establish SBA, Rep. William S. Hill (R Colo.) wrote Burger: "We are glad many of the ideas you expressed have now become part of this legislation." Sen. Hubert H. Humphrey (D Minn.) wrote a "Dear George" letter, congratulating Burger for his "good work" on the bill.

Among other "victories" claimed by the Federation: Elimination of federal consumer credit controls; creation of the Small Defense Plants Administration; blocking of "socialized medicine" legislation; reduction of foreign aid expenditures; defeat of a bill to "destroy" the Robinson-Patman Act of 1936, which Burger said protected small business against "ruinous price discriminations." (CQ Almanac, Vol. VII, 1951, p. 487.)

The Federation's current legislative program includes support of a vigorous anti-trust enforcement program; enactment of the Hoover Commission's recommendations for eliminating federal duplication; equalization of taxes between co-ops and "their fully taxed business competitors;" reduction of normal and surtaxes on independent business to pre-Korea levels; and subjection of labor unions to anti-trust laws.

New England Group

Another powerful small business group disagrees with the Federation over SBA's loan program. This is the Smaller Business Association of New England, Inc., which boasts a membership of 1,500 in the New England states.

Joseph D. Noonan, executive secretary, informed CQ that his organization favors the new program as the "best way of providing credit under our free enterprise system."

Noonan said that his Association helped to establish the Maine Development Credit Corporation, on which the SBA program is at least partly modeled. He added that Association members will support the program.

Organized in 1938 by S. Abbott Smith, president of a wallpaper factory near Boston, and Ralph E. Fletcher, head of the Fletcher Granite Co., the Association says it played a key role in helping to obtain greater Congressional recognition of the needs of small business.

When the bill to create SBA was introduced, Noonan and 18 directors of the Association went to Washington "to follow it through." They talked to key Congressmen, testified before various committees and urged their members to "submit their ideas to Congress." As a result, says Noonan, his group "had more to do than anyone else with creation of SBA as an independent agency."

BOSTON TEA PARTY

Last May, SBANE officers and directors made their annual trip to Washington to entertain the entire New England delegation in Congress. They held sessions with both Small Business Committees, making specific legislative proposals, then had the delegation to lunch and, later, to a cocktail party, called the "Boston Tea Party."

Through these and other contacts, SBANE believes it accomplishes as much in the legislative field as do many groups which maintain registered lobbyists. Noonan feels that working through a registered lobbyist in Washington is the "wrong way to get things done for small business," since, he says, it "gets away from the personal touch of direct contact by members and directors."

From the Association's headquarters at 581 Boylston Street in Boston, a monthly legislative bulletin, "The Voice of Small Business" is sent to members. Like the Federation, the Association polls its members and submits the results to Congress.

The Association's legislative objectives:

Death of the excess-profits tax; lowering of the corporation income tax from 52 percent to 47 percent on April 1, as the present law provides; and passage of the Sen. Homer G. Capehart (R Ind.) bill (S2306) providing for rapid depreciation of business assets.

Smaller Business of America

Occasionally, when a particularly vital issue affecting small business comes up, Noonan and other SBANE officers are likely to consult with a businessman in Cleveland named S.R. Christopherson.

Christopherson is president of Smaller Business of America, a group which is currently studying the Small Business Administration's loan program with a view toward presenting a definite stand to the next session of Congress.

The Cleveland group was formed in the same year as SBANE. Most of its 1,000 members are in Ohio, but others are scattered throughout five eastern states, and membership is expanding geographically as well as numerically. The group's legislative policy is formed by a national committee of 12.

Like other small business groups, the Cleveland organization issues a monthly bulletin, "The Champion," published at its headquarters at 406 Euclid Avenue; polls its members, letting Congress know the results; and finances itself through dues.

A main plank of its legislative platform is a program for long-term loans to small businesses by banks, to be insured in the same manner as Federal Housing Administration loans. Sen. John Sparkman (D Ala.) introduced bills (S1912, S1913) in the 1953 session to carry out this idea.

Other planks include death of the excess-profits tax; application of anti-trust laws to business and labor alike; and extension of the due-date for paying federal taxes.

Form New Organization

Another group which looks upon the SBA program with a skeptical eye, is the National Association of Independent Business, Inc., organized last fall. NAIB is headed by Miles Pennybacker, an executive of Voltaro Tubes, Inc., a rubber-tube concern in Norwalk, Conn.

Pennybacker is a Democrat, and is active in Americans for Democratic Action. "To the extent that SBA hopes to rely on private loan sources, it is just fanning the air," he told CQ. "Small businessmen have already exhausted these sources or they wouldn't be in need of aid."

With a membership of about 500 companies, the Association is growing fast. Its headquarters are in New York City, and Pennybacker told CQ that "negotiations are now under way" with a view to opening a Washington office. "We may have a registered lobbyist," he said.

At present, Pennybacker and top officers of his group make their own contacts with Congress. They issue a monthly newsletter, "The Memorandum," to members. They do not draw salaries as officials of the Association.

The group is boosting a tax program which calls for reapportionment of business taxes, rather than outright reduction of rates. It also favors a graduated corporate tax; added appropriations for anti-trust activities; and an independent agency representing small business -- it is not "entirely happy" about SBA.

Ultimate Coalition?

Opposition to the new SBA program of financial assistance is also coming from the Council of Independent Business, an organization which includes many of

the other small business groups and claims to have, indirectly, thousands of members.

CIB is headed by Clarence Earle, a businessman who originated several industrial processes and materials, and Frank McGregor, a businessman who reorganized the Office of Small Business in the Department of Defense and ran the Industry Cooperation Division, a small business service, in the Navy Department..

Earle told CQ he wrote the original bill for creation of an Office of Technical Services in the Commerce Department, and "followed it through both houses of Congress." This office now enables small businessmen to obtain access to all unclassified technical information developed by government.

Both men are working to establish a "focal point" in Washington, through which all small business groups might eventually coordinate their lobbying efforts. "We've already established a small coalition, through which we're able to launch wide-scale 'grass roots' lobbying; our major objective is to broaden it," says Earle.

"Oldest, Strongest"

A group which favors maximum reliance on private lending sources is the National Small Business Men's Association. NSBMA says it is "the oldest, strongest organization of small business men in the world."

However, in 1950, the House Small Business Committee issued a report in which it charged that the Association was closely linked to the Small Business Economic Foundation, which, it said, was supported by big business.

The report said that De Witt Emery, founder and president of the Association, performed the same functions in the Foundation, and that "every single officer and director of the Foundation is an officer or director of the Association."

"A large part, if not the larger part, of the Association's program has related to the demand for restrictions on labor unions. Very little has related to distinctively small business matters," according to the report.

NSBMA officials have denied all assertions that their group is a big business "front" and claim they have done "a thorough job of awakening the public, our Congress and other branches of the federal government to the importance of small business."

In 1952 the Association was awarded nominal damages in a libel suit against the National Federation of Independent Business, based on circulation by the Federation of a letter written by the administrative assistant of Sen. James E. Murray (D Mont.) stating the NSBMA was a "complete phoney" financed primarily by the NAM.

Formed in 1937, the Association has a Washington office and a registered lobbyist, K. Blyth Emmons. Its legislative policy is formed at national membership meetings each year in Washington. On "Small Business Day" NSBMA members go to the Hill and present these recommendations to their Congressmen.

"Our Small Business Day banquet is attended by what is reported to be the largest representation from

the Hill to attend any meeting outside a session of Congress or a national party convention," reports an NSBMA brochure.

The Association also claims considerable influence on legislation through its power to mobilize letter-writing campaigns and delegations to visit Congress. It sponsors a widespread "educational" program made up of newspaper ads, radio and TV programs, editorial columns and pamphlets.

The group includes 12,000 members in all 48 states and says its membership is increasing. It reported spending \$23,840.38 for legislative purposes during 1952.

Effective Spearhead?

Another group keeping an eye on the developing SBA program is the Conference of American Small Business Organizations. Formed in 1942 as a nonprofit corporation in Illinois, CASBO purports to "provide an effective spearhead to represent over-all small business before Congress."

Founder and chairman of CASBO is Fred A. Virkus, a Chicago businessman. (Virkus was among early registrants under the lobby law, filing Jan. 10, 1947, for American Small Business Organizations.) The organization meets annually to adopt resolutions and to hear reports from its permanent officers. These officers include the board of directors and an executive committee. Work is divided among committees.

Although CASBO maintains no Washington office, its top officers travel to the Hill frequently in connection with legislation. Most of the group's activities are directed from its headquarters at 407 South Dearborn Street, Chicago.

In 1950 the House Select Committee on Lobbying Activities, headed by the late Rep. Frank Buchanan (D Pa.), investigated CASBO and concluded: "The Conference has sought and in some cases obtained directly or indirectly, support from interests that do not fit into any reasonable concept of small business. In appealing for such support the chairman of the conference has emphasized its interest in legislative matters 'in which big business as such cannot come out into the open.'"

"CASBO's methods of ascertaining and formulating opinion (of small business), sometimes through loaded questionnaires, prepared resolutions and otherwise, should make Congress wary of any figures which CASBO offers as a measure of small-business opinion."

Officials of CASBO contended that their group "expresses the deliberated opinion of delegates from organizations representing over 260 different lines of industry in 48 states, representing an affiliated membership of over 600,000 small business concerns. . . . We never adopt any undemocratic or exclusive methods of polling."

Other Groups

Other small business groups which will have their say on SBA policy next session: American Association of Small Business, New Orleans, La.; Smaller Manufacturers Council, Pittsburgh, Pa.; Small Business Men of America, Los Angeles, Calif.; Small Business Council, St. Louis, Mo.; and American Business Congress, New York City.

SDPA PROGRAM STATISTICS

(THROUGH JULY, 1953)

	Contracts Awarded		Certificates of Competency and Contracts Awarded Thereunder			Loans Approved by SDPA		Tax Amortization Certificates Granted	
			No. of Cer- tificates	No. of Con- tracts	Amount of Contracts	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9
U.S. and possessions	2,993	\$366,807,967	125	96	\$53,311,805	408	\$50,860,637	177	\$38,310,203
Continental U.S.	2,991	366,191,627	125	96	53,311,805	401	49,831,437	176	38,213,182
Region I (Boston)	274	49,425,275	15	10	2,764,148	19	2,747,050	17	2,717,440
Connecticut (part) (1)	39	9,169,075	2	1	7,548	5	432,300	2	444,580
Maine	6	524,222	--	--	--	2	665,000	--	--
Massachusetts	180	32,219,793	9	6	1,450,686	9	1,443,750	15	2,272,860
New Hampshire	12	2,951,542	--	--	--	1	50,000	--	--
Rhode Island	33	4,176,613	4	3	1,305,914	2	156,000	--	--
Vermont	4	384,030	--	--	--	--	--	--	--
Region II (New York)	851	119,527,728	38	31	6,919,084	37	4,098,100	32	2,963,755
Connecticut (part) (1)	17	1,917,613	--	--	--	5	298,000	3	22,578
New Jersey (part) (2)	162	29,716,523	9	7	2,323,730	14	2,351,600	11	942,475
New York	672	87,893,592	29	24	4,595,354	18	1,448,500	18	1,998,702
Region III (Philadelphia)	296	33,673,007	5	4	4,093,117	32	4,482,550	10	1,509,544
Delaware	6	318,426	--	--	--	1	175,000	--	--
New Jersey (part) (2)	22	3,334,154	1	1	331,899	1	80,000	1	122,888
Pennsylvania	268	30,020,427	4	3	3,761,218	30	4,227,550	9	1,386,656
Region IV (Richmond)	148	17,965,841	5	4	3,065,328	31	2,733,000	7	629,825
District of Columbia	30	2,321,042	--	--	--	5	202,450	1	180,000
Maryland	49	4,955,432	2	2	311,232	10	919,500	2	182,572
North Carolina	29	4,985,963	1	1	373,714	8	712,400	2	175,406
Virginia	32	4,897,027	1	1	2,380,382	6	665,650	1	50,000
West Virginia	8	806,377	1	--	--	2	233,000	1	41,847
Region V (Atlanta)	159	17,079,148	12	9	6,906,366	61	7,658,710	5	498,511
Alabama	34	3,907,016	1	1	2,500	18	1,328,350	--	--
Florida	37	3,939,515	8	7	6,663,746	12	2,568,000	2	52,314
Georgia	42	3,233,802	3	1	240,120	16	2,051,860	--	--
Mississippi	10	2,648,867	--	--	--	3	410,000	--	--
South Carolina	1	228,200	--	--	--	2	114,000	--	--
Tennessee	33	2,505,408	--	--	--	9	1,086,500	3	446,197
Puerto Rico	2	616,340	--	--	--	--	--	--	--
Virgin Islands	--	--	--	--	--	1	100,000	--	--
Region VI (Cleveland)	313	24,753,299	17	11	3,368,670	43	5,309,800	19	5,026,917
Kentucky	14	1,011,601	1	--	--	4	390,000	2	945,877
Michigan	137	8,417,005	11	7	2,605,214	9	727,600	6	2,891,902
Ohio	162	15,324,693	5	4	763,456	30	4,192,200	11	1,191,138
Region VII (Chicago)	297	37,788,035	11	9	11,892,536	40	6,399,769	32	11,898,168
Illinois	180	29,398,423	7	6	11,470,696	25	4,861,169	19	9,349,020
Indiana	37	1,706,695	1	--	--	7	1,262,600	6	1,534,988
Wisconsin	80	6,682,917	3	3	421,840	8	276,000	7	1,014,180
Region VIII (Minneapolis)	45	3,181,065	2	1	19,850	18	1,034,000	10	460,128
Minnesota	45	3,181,065	2	1	19,850	8	575,000	9	385,128
Montana	--	--	--	--	--	10	459,000	1	75,000
North Dakota	--	--	--	--	--	--	--	--	--
South Dakota	--	--	--	--	--	--	--	--	--
Region IX (Kansas City)	115	11,282,854	4	2	1,220,154	21	3,030,850	6	1,034,547
Iowa	11	861,957	3	2	1,220,154	8	1,249,000	2	368,801
Kansas	12	1,711,930	--	--	--	3	295,000	1	89,700
Missouri	83	7,259,714	--	--	--	10	1,486,850	3	576,046
Nebraska	9	1,449,253	1	--	--	--	--	--	--
Region X (Dallas)	119	11,260,403	6	5	8,696,837	22	4,034,733	7	7,725,673
Arkansas	12	1,023,848	1	1	39,567	3	201,600	--	--
Louisiana	18	355,113	--	--	--	--	--	4	2,735,923
Oklahoma	5	362,075	2	1	19,090	4	178,500	2	4,965,250
Texas	84	9,519,367	3	3	8,638,180	15	3,654,633	1	24,500
Region XI (Denver)	14	2,503,567	1	1	1,165,525	3	125,500	2	83,280
Colorado	10	908,218	--	--	--	1	35,500	2	83,280
New Mexico	2	1,170,845	1	1	1,165,525	1	40,000	--	--
Utah	2	424,504	--	--	--	1	50,000	--	--
Wyoming	--	--	--	--	--	--	--	--	--
Region XII (San Francisco)	307	29,963,708	6	6	1,792,894	43	4,406,025	23	2,941,990
Arizona	3	47,707	--	--	--	--	--	1	5,162
California	303	29,905,585	6	6	1,792,894	42	4,356,025	21	2,912,438
Nevada	1	10,416	--	--	--	1	50,000	1	24,390
Hawaii	--	--	--	--	--	--	--	--	--
Region XIII (Seattle)	55	8,404,037	3	3	1,407,296	38	4,800,550	7	818,405
Idaho	--	--	1	1	337,920	3	295,000	--	--
Oregon	11	394,149	--	--	--	14	1,116,000	1	42,425
Washington	44	8,009,888	2	2	1,069,376	15	2,460,350	5	678,959
Alaska	--	--	--	--	--	6	929,200	1	97,021
(1)Conn. two-region total	56	11,086,688	2	1	7,548	10	730,300	5	467,158
(2)N.J. two-region total	184	33,050,677	10	8	2,655,629	15	2,431,600	12	1,065,363



Lobby Registrations

Recent registrations under the Federal Regulation of Lobbying Act, filed with the House of Representatives File Clerk's office, include:

GENERAL ELECTRIC COMPANY, 570 Lexington Avenue, New York City

Robert T. Borth, Wyatt Building, 777 14th Street, Washington, D.C., registered Sept. 4 as Washington representative of the Employee and Plant Community Relations Division of General Electric Company.

He said that as representative of this division of General Electric "my major duties consist of maintaining liaison between my employer, on the one side, and various administrative agencies of the federal government and various trade associations, on the other side. Such duties do not involve any activities which would fall within the coverage of the lobbying act. However, it is anticipated that in the future, I shall devote a limited amount of time to following the progress of any projected legislation which is considered to be of interest or importance to the Company and to assist in making the Company's views on any legislation known to Congress."

He added, "In addition this registration is intended to cover any possible activities of mine for, or on behalf of, any trade associations in which the Company is interested which might be considered to fall within the vague and broad coverage of the lobbying act."

Borth said his legislative interest would be concerned with bills relating to "labor relations, wage and hour matters and controls over wages and salaries."

He said his annual salary "allocable to activities which may fall within the scope of the lobbying act for lobbying activities is not expected to exceed \$3,000."

He would be assisted by a secretary, Mrs. Ruth C. Quinn, Borth said. He gave her annual salary "allocable to any such lobbying activities" as not more than \$300.

Borth stated that his expenses "in connection with my lobbying activities will consist mainly of telephone, telegraph, taxicab and entertainment charges." He said this is not expected to go over \$2,500 a year.

GYPSUM ASSOCIATION, 20 North Wacker Drive, Chicago

Two lawyers, Charles M. Price and Jess Halsted, both of 134 South LaSalle Street, Chicago, each filed registrations as representatives of the Gypsum Association Aug. 28. They had filed in the name of the Association Aug. 24. (CQ Weekly Report, p. 1136).

Both attorneys said their legislative interest would last 18 months and that they were concerned with HR 3897, a bill to allow percentage depletion on gypsum rock.

Price listed his salary as \$5,000 estimated to reimburse him for traveling expenses, plus a fee at "the regular per diem of \$200-250 as a lawyer." Halsted said his per diem rate would be \$150-200.

CHINA LOBBY

The American China Policy Association, Inc., identified with the so-called China Lobby, Sept. 5 asked the State Department to purge its pro-Communists, if there are any, who contributed to the downfall of Chiang Kai-shek's Chinese Nationalists.

The Association also asked that any foreign officers fired for anti-Communism be brought back to Washington. The letter was addressed to Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs who recently helped win Syngman Rhee's support of a Korean truce.

AMVETS STANDS

The Ninth annual convention of the Amvets (American Veterans of World War II and the Korean campaign) Sept. 4 took these stands on important current issues:

Opposed the Bricker amendment (S J Res 1), which would limit the President's treaty making powers. (CQ Weekly Report, p. 811)

Declared Communist China was "not qualified for membership in the United Nations"

Urged Republicans and Democrats to join in a non-partisan approach to foreign policy

Called for strengthened support of the United Nations, a broader Pacific pact, formation of a middle East defense community and unification of Korea and Germany after free elections

Instructed it's national officers to request supplemental appropriations for civil defense as soon as Congress reconvenes.

NEW TRADE GROUP

A new national organization formed by business executives and designed to carry out a campaign in favor of more liberal trade policies is being established, according to information reaching the office of Dr. Howard S. Piquet, international trade specialist at the Library of Congress.

The group, to be called the Committee for a National Trade Policy, will be headed by John S. Coleman, president of the Burroughs Adding Machine Co. At the start, the organization will reportedly concentrate on developing information on the need for lifting trade barriers.

Other members, it was said, will be Harry A. Bullis, board chairman of General Mills, Inc., and Charles Taft, brother of the late Ohio Senator.

CAREER WORKERS

The Civil Service Commission Sept. 8 announced plans aimed at speeding re-employment of career government workers laid off for economy reasons.

Government agencies were given authority by CSC to fire indefinite employees to make way for displaced career workers and were given 30 instead of 60 days to find places for separated career jobholders.

"NO SPECIAL SESSION"

Speaker of the House Joseph W. Martin, Jr. (R Mass.), in Washington for a few days, said Sept. 9 he was certain there would be no special session of Congress this year.

Martin noted that earlier talk of an extra session was based on the belief of the Administration that Congress would have to boost the national debt limit. Since then, however, fiscal officials have indicated the present statutory debt limit of \$275 billion would not be reached this year. (CQ Weekly Reports, pp. 1124-5.)

Martin said he found the people generally are not dissatisfied with Republican policies and programs so far. He said he doesn't believe Congress will renew, next year, the excess-profits tax, and he's sure the scheduled 10 per cent reduction of individual income taxes will become effective Jan. 1.

He listed among matters Congress would have to deal with next year: taxes, reciprocal trade agreements, extension of social security coverage, farm price supports and possible revision of the Taft-Hartley labor law.

FARM LOAN "FEPC"

John H. Davis, president of the Commodity Credit Corporation, Sept. 4 ruled that banks handling federal farm price-support loans need not agree to forsake discrimination against employees and job applicants. (CQ Weekly Report, pp. 1133, 1142.)

Davis said banks are free to delete the non-discrimination clause from contracts. He did not commit himself on enforcement of the clause in contracts already signed.

Calling the clause "superfluous," Davis said lending agency agreements do not fall within the meaning of executive orders requiring non-discrimination pledges by government contractors. He explained that "employment of personnel is not a real factor in performing these lending functions," adding that "these loans are generally handled by the regular staff of lending agencies without the employment of any new personnel. Furthermore, no government funds are used when the agency makes a loan..."

The clause, he said, amounts to "unnecessary interference with private business."

FEPC BATTLE PREDICTED

Sen. Everett McKinley Dirksen (R Ill.) Sept. 4 predicted that his party will try to force passage of a Fair Employment Practices Commission law during the second session, despite the likelihood that Southern Senators will try to block action. He said action is required to fulfill GOP campaign promises.

In part, the Republican platform promised that the party would enact "Federal legislation to further just and equitable treatment in the area of discriminatory employment practices. Federal action should not duplicate State efforts to end such practices..." (CQ Almanac, Vol. VIII, 1952, p. 493.)

CONGRESSIONAL QUOTES

Sen. A. Willis Robertson (D Va.), in a Sept. 6 speech, said: "We...have found the United Nations patrol force inadequate to enforce the rules of the road on the highway to peace. In Korea...an uncertain truce...gives us only another opportunity to test the ability of a so far ineffective United Nations to solve a major international problem. We must make this effort, however..."

Listing objections to a national sales or manufacturers' excise tax in his Sept. 3 newsletter, Sen. Alexander Wiley (R Wis.) commented: "If the Republican Party wanted to commit suicide next November 1954 it would approve a sales tax. But it does not want either to commit suicide or to be unfair. It wants to straighten out the tax mess left by the previous Administration...The Eisenhower Administration -- after studying the subject -- will definitely not recommend a sales tax."

"...the great labor organizations of this country always have a great many friends the day before election day, but it always happens that those friends are a lot harder to find the day after election day," Sen. Harley M. Kilgore (D W. Va.) told a CIO convention Sept. 11 in a speech charging that the Republicans have failed to keep their campaign pledges to labor.

"The legislative record made by the 83rd Congress under Republican leadership can be summed up in two words: inaction and reaction," Rep. John A. Blatnik (D Minn.) declared in an Aug. 13 newsletter.

In a letter to Secretary of Agriculture Ezra Taft Benson Sept. 8, Rep. Jacob K. Javits (R N.Y.) commented that "the farm price support program has worsened conditions facing the consumer and the taxpayer and has not materially improved conditions facing the farmer... If farm groups alone are to determine this (price-support) policy...difficulties...will continue until there is a breakdown in the whole system." Javits asked Benson to end the butter price support program by March 31.

The "Kinsey Report" has received so much publicity, Sen. Robert S. Kerr (D Okla.) told his constituents Sept. 3, that "about the only thing left, not really exposed to the public, is the hydrogen bomb...Sen. (Joseph R.) McCarthy (R Wis.) and Dr. (Alfred C.) Kinsey have at least one thing in common. They both claim to have uncovered a lot of domestic disloyalty."

"You can expect some real fights next session," Sen. Hubert H. Humphrey (D Minn.) predicted in an Aug. 24 newsletter. "Forces at work to 'water down' (Social Security) benefits, use 'pay-as-you-go' slogan to raid reserves."

"Too much stress is put on these (atomic and hydrogen) bombs," Rep. Usher L. Burdick (R N.D.) said in a Sept. 3 newsletter, "and the main reason for advertising what we have and what Russia has is to keep the people in both countries preparing for war...My guess is that war...will not be settled by the atomic bomb...It will be settled, as wars have always been settled, by FOOD."

"A worker receiving \$300 a month will receive only 10 cents a month in over-all tax relief," Rep. William H. Harrison (R Wyo.) calculated in a Sept. 10 newsletter concerning tax revisions scheduled for Jan. 1, "as his income tax will be reduced by \$1.60 a month, on the average, while his Social Security tax will be increased by \$1.50 a month."



Belabored Day

Leading Democrats and labor leaders used the Labor Day weekend to attack the eight-month-old Republican Administration of President Eisenhower.

Former President Truman at a Detroit Labor Day rally Sept. 7 charged that the new Republican leadership was catering to the interests of big business while disregarding the interests of the common people. He also charged that it was imperilling the nation's defense needs in its drive to balance the budget.

"There are signs of a return to the old philosophy that the object of government is to help big business," he said. He also maintained that the GOP Administration had adopted "the dangerous philosophy that balancing the federal budget is the most sacred objective of the government." And he said he saw no evidence that the Republicans plan to "correct the injustices" of the Taft-Hartley labor law. He deplored the Administration's policies on interest rates, public housing and public power.

The speech elicited retorts from Republican leaders. Sen. Everett M. Dirksen (R Ill.) said it indicated Truman "is far more interested in his party's success in November, 1954, than he is in the welfare of the country."

OTHER CRITICISM

In a radio address Sept. 7 George Meany, president of the American Federation of Labor, listed six "glaring weaknesses" in GOP policy and demanded action to correct them. He called for controls on inflation, removal of curbs on slum clearance and public housing, expansion of social security, health and educational services, and amendments to Taft-Hartley to end "manifest unfairness."

CIO President Walter P. Reuther charged in a Labor Day broadcast that "special interest groups" were determined to use the Eisenhower Administration "to reverse a 20-year trend of government for the people." He said they planned to exploit natural resources for private gain instead of devoting them to the common good.

In a Labor Day radio address, George M. Harrison, president of the Brotherhood of Railway Clerks (AFL), denounced the Administration's tighter credit policies and cautioned against imposing a national sales tax.

At the Des Moines Trade and Labor Assembly on Sept. 7, Sen. Guy M. Gillette (D Iowa) declared that the GOP leadership had abandoned "the precept of the greatest good for the greatest number."

In Madison, Wis., Sept. 7 Sen. Wayne Morse (D Ore.) urged American labor to use its votes to oust Republicans in the 1954 Congressional elections and "stop the Republican crusade of reckless reaction."

Sen. Stuart Symington (D Mo.) told a Little Rock audience on Sept. 7 that the Defense Department apparently had "a plan to meet Russian bombers with a firmly balanced budget."

AIDS TO VOTERS?

Television and public debate may aid voters to select Presidential nominating delegates, according to a report prepared by a group of researchers headed by Dr. Paul T. David of the Brookings Institution for the American Political Science Association meeting Sept. 10-12 in Washington. Last year selection of such delegates was carried on in "intolerable confusion," the report stated.

And Sen. Hubert H. Humphrey (D Minn.) told a Labor Day audience in Hibbing, Minn., that the cost of living is "at an new high" and that consumers are not adequately represented in the Republican-controlled Administration.

McCarthy On TV?

Sen. Joseph R. McCarthy (R Wis.) may appear regularly on a privately sponsored 15-minute television program beginning in January, 1954, he indicated on Sept. 8. The identity of the sponsor was not revealed. He said he would "try to help any Republican running for Congress who thinks my help would be of benefit to him."

Simpson Starts Tour

Chairman Richard M. Simpson (R Pa.) of the Republican Congressional Campaign Committee left Washington Sept. 8 for a month-long political tour which will take him to Minnesota, Wyoming, Colorado, Idaho, Washington, Montana, Missouri, and Pennsylvania, where he will confer with Republican leaders about the 1954 Congressional campaign.

New Demo Digest

The October issue of the Democratic Digest predicted that the talk about a federal sales tax will be grist for the Democrats in 1954 as a "major campaign issue." The final decision on such a tax will be up to President Eisenhower himself, the Digest said.

State Roundup

CALIFORNIA: Don Rose, secretary of the Los Angeles County Democratic Central Committee, charged at a Democratic meeting on Sept. 4 that Governor Earl Warren (R) had refused to call a special election in the 24th Congressional district to fill the vacancy caused by the resignation of former Rep. Norris Poulson (R), now mayor of Los Angeles, because Republicans "fear a Democratic victory."

OREGON: The Portland council has been asked to place on the ballot this fall a proposal to change the city's name to Multnomah because Portland, Ore., is confused with Portland, Maine.

TEXAS: Maurice Acers, executive assistant to Gov. Allen Shivers (D Tex.), said Sept. 4 he did not ask the Federal Bureau of Investigation to delay an inquiry into conditions at the Gainesville school for girls until after the July, 1952, primary election "to avoid unfavorable publicity." FBI Chief J. Edgar Hoover made such a charge in a letter to Shivers.

CONGRESS-WHITE HOUSE

In a reshuffling of the White House staff aimed at improved liaison with Congress, President Eisenhower Sept. 4 named Jack Martin, chief aide to the late Sen. Robert A. Taft (R Ohio), as a Presidential administrative assistant.

Assistant Press Secretary Murray Snyder also announced that Mr. Eisenhower was promoting Gerald D. Morgan to the full rank of administrative assistant. Both Martin's and Morgan's duties will be liaison with Congress.

Maj. Gen. Wilton B. Persons, a special assistant, is to be deputy assistant to the President under top aide Sherman Adams.

DULLES "INTERVENTION"

Secretary of State John Foster Dulles said Sept. 7, after conferring with President Eisenhower, that the President "saw nothing out of the way" in Dulles' remarks in a Sept. 2 speech to the American Legion and at a Sept. 3 press conference. Dulles had been criticized in some quarters in the U.S. and abroad for intervention in the domestic affairs of West Germany, Italy, Yugoslavia, Japan, and India.

In the comments which drew the most fire, Dulles had said that failure of West German Chancellor Konrad Adenauer to win the Sept. 6 election would disastrously affect chances for German unification, and that the U.S. is reviewing its 1948 policy on Trieste. He also had criticized Indian neutrality and Japanese dependence on U.S. aid.

Dulles said Sept. 7 that Adenauer's victory is "a matter of satisfaction to the President and to me." (The State Department also issued a statement expressing pleasure at the results of the election.)

The Secretary confirmed a summer White House statement that he, not the President, had requested the conference. Newspaper reports had stated that Mr. Eisenhower, displeased at Dulles' remarks on foreign affairs had summoned him to Denver. Sept. 5, Murray Snyder, assistant White House press secretary, denied the reports, saying that Dulles requested the appointment before his Sept. 3 press conference, probably Aug. 31.

Executive Briefs

WORLD BANK

The Eisenhower Administration Sept. 9 declared its support of the objectives of the 55-nation International Bank for Reconstruction and Development and the International Monetary Fund.

President Eisenhower sent a message to delegates at the opening joint meeting in Washington, D. C., of the four-day, eighth annual session:

"The United States fully supports the great objectives of these two institutions: The establishment and maintenance of sound money, the quickening of trade and the development of natural resources."

Chief Justice Vinson Dies

Chief Justice of the United States Fred M. Vinson, who spent more than 30 years in public life in all three branches of government, died Sept. 8 of a heart attack. He was 63.

Vinson served as a Member of the House of Representatives (except for the 71st Congress) from the 68th through the 75th Congress. He was a member of the Ways and Means Committee from 1931-38. He also served as Director of the Office of Economic Stabilization, Office of War Mobilization and Secretary of the Treasury prior to his appointment by ex-President Truman as Chief Justice in 1946.

TIDELANDS SUITS

The Justice Department Sept. 8 asked a U. S. District Court to dismiss a suit challenging the constitutionality of the Submerged Lands Act (P.L. 31) enacted in 1953 to give the states title to submerged lands off their shores. (CQ Weekly Report, p. 912). In challenging the law the State of Arkansas July 8 alleged that the federal government holds the lands and the money from the mineral-rich submerged lands in trust for all the states and all the people.

In its motion to dismiss, the Justice Department said Congress had granted Arkansas more than 11 million acres of federal lands under other statutes. The Department also contended the Arkansas suit is a suit against the United States and the government cannot be sued without its consent by Act of Congress in this type of case.

Arkansas has until Sept. 17 to answer the federal government's motion. Meanwhile, Missouri Attorney General John M. Dalton announced Sept. 5 he would take legal action for his state in challenging the Submerged Lands Act. He said he thought the Supreme Court of the U. S. was the proper court in which to file suit.

COTTON CROP

The Department of Agriculture Sept. 8 forecast a 1954 cotton crop of 15,159,000 bales, 3.8 per cent above the July forecast. The predicted level would require the Secretary of Agriculture to invoke controls. His decision must be made by Oct. 15, and would be followed by a referendum of cotton farmers. (CQ Weekly Report, p. 1063.)

INDUSTRY'S SPENDING HIGH

The Department of Commerce and the Securities and Exchange Commission reported Sept. 9 that U. S. private industry's investment in plant and equipment during 1953 will reach a record high of \$27,821,000,000---a gain of five per cent over the 1952 outlay.

Commerce Department figures also showed Sept. 9 that foreign aid spending between 1940 and March, 1953, totaled \$92.1 billion. (CQ Weekly Report, p. 825.) Harold E. Stassen, director of Foreign Operations Administrations, said Sept. 8 that at its present rate of recovery, Western Europe would need little or no economic aid after June 30, 1954.

\$45 MILLION AID TO IRAN

President Eisenhower Sept. 5 granted \$45 million in emergency economic aid to Iran. The White House statement said the grant was made "in response to a request for urgent assistance from the new government of Iran," and was in addition to existing U.S. technical and military aid programs in Iran.

FOA REORGANIZATION

Harold E. Stassen, director of the Foreign Operations Administration, told a Sept. 8 news conference that a sweeping reorganization of the FOA will go into effect Oct. 1. He said the plan was designed to delegate "more authority in the various countries and in the regional directors," with "less supervision from Washington." The program calls for four regional directors, for the Far East, Near East, South Asia and Africa, and Europe and South America, with priority going to aid programs in Korea and Indo-China.

DURKIN RESIGNS

Martin P. Durkin, former head of the AFL National Plumbers Union and the only Democrat in the Eisenhower Cabinet, resigned as Secretary of Labor. His resignation, written Aug. 31, was accepted Sept. 10.

Following the White House announcement, Durkin told a news conference that the Eisenhower Administration had "broken" an agreement on revising the Taft-Hartley labor law. Durkin said the Labor Department and assistants to the President had agreed on 19 T-H changes to be submitted to Congress.

"I considered them fair to both management and labor," Durkin said. The revisions were not formally sent to Congress. He conceded that he wasn't sure President Eisenhower himself had ever approved the 19 changes agreed on. George Meany, president of the AFL, said Durkin resigned "because he could not serve on a team where agreements are not kept."

In accepting the resignation, President Eisenhower wrote of his "personal conviction that the principal key to the strength of our working Democracy is the assurance of both industrial peace and the vitality of our free labor unions."

The Senate confirmed Durkin's nomination as Secretary of Labor Jan. 21, after the late Sen. Robert A. Taft (R Ohio) called the appointment "incredible." (CQ Weekly Report, pp. 101, 128.)

Durkin said he planned to return to his former post as president of the AFL Plumbers Union.

CONGRESSIONAL REACTION

Comments of some Members of Congress:

Sen. Burnet R. Maybank (D S.C.) -- "I'm not surprised that he resigned. The present Administration has not done anything for labor, for the farmer or anybody else."

Sen. Homer E. Capehart (R Ind.) -- "A Republican President should always appoint Republicans."

Rep. Carl D. Perkins (D Ky.) -- The resignation "proves something we have known all along--that big business is completely in control of governmental affairs in Washington."

Rep. Carroll D. Kearns (R Pa.) -- Durkin's proposed revisions of the labor law "were too self-styled." "Amendments to the Taft-Hartley will be written here in Congress."

Sen. Lister Hill (D Ala.) -- "There was nothing" Durkin could do "to have the Republicans carry out their promises to modify the Taft-Hartley law."

Sen. Wayne Morse (I Ore.) -- "Ever since the campaign of last year I have been convinced that the Republican Administration is basically anti-labor."

UN STUDY GROUP

Vice President Richard M. Nixon Sept. 9 appointed Sens. John Sherman Cooper (R Ky.) and Spessard L. Holland (D Fla.) to an eight-member committee set up by the Senate to study proposals to revise the United Nations' charter.

Six other Senators--all members of the Senate Foreign Relations Committee--were selected by Committee Chairman Alexander Wiley (R Wis.). They are Wiley, Homer Ferguson (R Mich.), William F. Knowland (R Calif.), Guy M. Gillette (D Iowa), John J. Sparkman (D Ala.), and Mike Mansfield (D Mont.).

The Senate adopted the resolution (S Res 126) creating the special Committee on July 28.

RELUCTANT WITNESSES

Chairman Edward H. Rees (R Kan.) of the House Post Office and Civil Service Committee has asked Civil Service Commission Chairman Philip Young to provide for dismissal of federal workers who refuse to testify before Congressional committees or federal courts because of possible self-incrimination.

Rees' request was announced Sept. 11. He said that Secretary of the Army Robert T. Stevens has taken similar action with respect to Army employees, and that he would press for legislation requiring dismissal if administrative action doesn't bring results.

Sen. Everett M. Dirksen (R Ill.) said Sept. 5 that he plans to introduce a bill in the second session to prohibit federal employment of anyone who relies on the Fifth Amendment in refusing to testify before Congressional committees. Dirksen is a member of the Senate Permanent Investigations Subcommittee. Its Chairman, Joseph R. McCarthy (R Wis.), attended the joint press conference.

ADENAUER ELECTION

Chairman Alexander Wiley (R Wis.) of the Senate Foreign Relations Committee Sept. 8 called the election victory of West German Chancellor Konrad Adenauer "a setback for the Communists." Sen. Charles E. Potter (R Mich.) Sept. 8 called it the "greatest single diplomatic achievement made by the United States in its tense struggle against the expansion of international Communism."

HELL'S CANYON

The Federal Power Commission Sept. 11 rejected a request by public power groups for an extension of the recess in the Hell's Canyon power project hearings. (CQ Weekly Report, p. 1092.) Mrs. Evelyn Cooper, attorney for the power groups, asked that the date for resumption of hearings be extended from Sept. 21 to Nov. 9.



weekly committee roundup

Action

STOCKPILING -- Chairman Styles Bridges (R N.H.) of the Senate Appropriations Committee Sept. 5 ordered his staff to make a study of charges of gross mismanagement and possible fraud in the government's \$5 billion program for stockpiling strategic materials.

Bridges said the agency may have spent "millions of dollars" in buying inferior materials since it was set up in 1946 though "satisfactory materials were available at the same price." The program is run by the General Services Administration.

Sept. 3, Director of Defense Mobilization Arthur S. Flemming announced a slowdown of stockpiling operations. He said only top priority materials would be bought and future purchase contracts would be limited to one year in most cases. He gave economy as a big reason.

Next day the Defense Department, in a semi-annual report to Congress, said that 70 per cent of the strategic materials scheduled for stockpiling in case of war had been obtained or was on order on June 30. Assistant Defense Secretary C. S. Thomas said \$4,184,307,550 worth of the 75 stockpile materials was on hand while another \$1,469,101,166 was on order.

New Hearing

INFLUENCE PEDDLING -- A House Armed Services Subcommittee investigating "influence peddling" Sept. 9 released testimony of a Washington, D.C., Republican who said he had relayed classified information about Naval procurement to a California manufacturer.

The Defense Activities Subcommittee made public the tale of how Warren L. Stephenson, who was executive secretary of the Eisenhower Presidential Inaugural Committee, allegedly was fed "tips" on government contracts and sought a four per cent fee for secret contract data.

The California firm, which Stephenson first denied, then admitted he tried to deal with, was named as Century Industries, Inc., of Burbank, makers of a special kind of rocket launcher.

Testimony showed Stephenson tried to get the Century firm to hire him as a representative at \$2,000 monthly or four per cent of any increased contracts he obtained for it. He also said that, as part of what he called "puffing" to get the job, he had recited information on a contract for rocket launchers the Navy said at the time was classified as secret. This was done in a May 19 phone call to the firm.

Stephenson testified that the information about the Navy contract was handed him on two slips of paper by Stanley L. Bishop, described as a business tipster. A slip received last April mentioned, he said, possible Naval procurement of 100,000 items, which turned out to be rocket launchers.

Stephenson said he received another slip of paper from Bishop a month later listing prices bid for the items. Stephenson said he first gave the information to the Drayer-

Hanson Company of Los Angeles from which he said he received \$300 a month. They referred him to Century, which declined to hire him. Century, instead, reported the offer to the Navy.

Bishop, who also testified in the closed hearings which ended in July, said he did not recall where he picked up the tip. He got tips from many places, generally stops he made at coffee bars at the Pentagon, Office of Quartermaster General, the Navy Department or Maritime, Bishop said.

When employees gather for the morning coffee break, Bishop said, he would "float in" and have a cup of coffee "with one or two people that I might know. If you stand there long enough," Bishop said, "and if you stand there for two cups of coffee, you will get enough information to last you a couple of weeks."

Bishop, a former government stenographer who specialized in procurement procedures, calls his information service S. L. Bishop Associates. He admitted passing on to Stephenson a tip that the government was going into high production of rockets, but denied writing it on a slip of paper or furnishing details on prices.

Stephenson told the Subcommittee he met Bishop at the office of Jon M. Jonkel, who now runs Global Trading Corp. Jonkel managed the Senatorial campaign of John M. Butler (R Md.), who defeated ex-Sen. Millard E. Tydings (D) in 1950. Jonkel testified he had no business connections with either Stephenson or Bishop.

(In June, 1951, Jonkel pleaded guilty and was fined \$5,000 in Baltimore Criminal Court on six charges of violating Maryland election laws in handling Butler's campaign. See CQ Almanac, Vol. VII, 1951, p. 365.)

Jonkel told the Subcommittee he knew about 40 or 50 men "in business comparable to that of Mr. Bishop and Mr. Stephenson." He added it "seems to be quite a business in this town."

Subcommittee Chairman William E. Hess (R Ohio) said Sept. 8 that "we are determined, with the help of businessmen, to stop this sort of thing."

Continued Hearings

REDS IN MILITARY -- As hearings on alleged Communist infiltration of the armed forces continued, Chairman Joseph R. McCarthy (R Wis.) of the Senate Permanent Investigations Subcommittee drew assurances from Secretary of the Army Robert T. Stevens that he will review regulations to determine whether the Army should give McCarthy the names of officials who cleared three employees accused of Communist affiliations. (CQ Weekly Report, p. 1139.)

Sept. 8, at an open hearing, McCarthy identified one of the three accused Army employees as Mrs. Doris Walters Powell, an Army employee in New York City who is now on maternity leave. He said she had refused to testify at closed hearings in New York concerning her political affiliations in 1948 and 1949, but had not been asked about her current affiliations. McCarthy said she is a former employee of "People's Voice," a New York Negro newspaper, and called her a "100 per cent Communist."

Mrs. Marvel J. Cooke, a former member of the "People's Voice" staff, and Doxey Wilkerson, a New York teacher and former government employee, refused to answer most questions concerning Mrs. Powell at the Sept. 8 hearing. They relied on the Fifth Amendment.

Col. Robert A. Howard, Jr., commander of the Quartermaster Inspection Service Command, New York, told McCarthy that Mrs. Powell is still an Army employee but that her credentials have been revoked.

Mrs. Powell said in New York that McCarthy's charges are "not true at all," and said her Army job entails "no access to troop movement data."

Maj. Gen. Miles Reber, Army Chief of Legislative Liaison, testified that a 1948 executive order prohibits him from disclosing the names of officials responsible for clearing the three employees. Declaring that he may appeal to President Eisenhower if necessary, McCarthy commented: "I can't see how a President elected on a cleanup program" could refuse him the information.

He showed Reber a police report on an Army major "convicted of a very serious and unusual crime," involving "morals," and who later was promoted. Reber at first said he would supply the names of officials who approved the promotion. McCarthy said he could not understand why this information is available if the other data he wants is not. Reber replied that security is involved in the three civilian employees' cases, but McCarthy said the officer's crime makes him a security risk, too. Reber said he would not be able to supply information on the officer's clearance if his case involves security.

After a Sept. 8 luncheon meeting with McCarthy, Stevens announced he will review McCarthy's request for information, possibly consulting the White House. He said he prefers "to err on the side of giving them (Congressional committees) too much information rather than too little."

MCCARTHY vs. PEARSON

After a closed hearing Sept. 8, McCarthy reported that a former employee of the old Munitions Board had testified that he had given classified military information to Frederick G. Blumenthal, a reporter for Drew Pearson, on about 40 occasions in a 16-month period ending in August, 1952.

The unidentified former employee reportedly gave Blumenthal the information because the reporter "would threaten to run a story which was completely false" and "would damage the war effort." McCarthy said Pearson had published information obtained in this manner only once.

The Senator said the alleged tactics of Blumenthal follow "a pattern of espionage cases of the past." McCarthy said Pearson and Blumenthal could volunteer to testify at an "immediate audience." He said they may be subpoenaed.

Pearson said: "At no time have I or any member of my staff engaged in blackmail, intimidation or threats in connection with a news story." He contended that "every good newspaperman covering the Pentagon has access to a certain amount of classified information. It is how he uses the information that counts... I was leaning over

backward to protect security... If McCarthy wants to ask any legitimate questions, I'll be happy to accommodate him. But if he merely seeks to pry into my news sources, he should look elsewhere for means of capturing vacation-day headlines."

Sept. 9, McCarthy released photographic copies of 70 pages of a 75-page classified document on Russia he said the Army had distributed to intelligence and other officers in 37 commands. He called the document "prize Communist propaganda" and demanded that the author appear before his Subcommittee.

He said that Col. R. S. Bratton, who signed the preamble, will be questioned. The document, dated January, 1952, was attributed to the Far East Command, Japan. According to the preamble, "the purpose of this study (is) to develop an understanding of the Soviet people which would be militarily useful in case of war."

Among passages in the document:

"There is abundant opportunity for rapid advancement in the skilled trades and professions (in Russia) and a man is paid according to what he produces."

The Soviet citizen "has never known freedom of movement, speech or press."

After McCarthy and Sen. Everett McKinley Dirksen (R Ill.) held a closed session Sept. 10, Dirksen told reporters: "I haven't resolved in my own mind whether it is Communist propaganda or just an indoctrination."

ARMY CITES "VIOLATION"

An Army statement Sept. 11 said McCarthy withheld sections which would have made clear that the document was not Communist propaganda. A spokesman said the Senator had disclosed restricted information and showed reporters a notation on the inside cover: "This document contains information affecting the national defense of the United States within the meaning of espionage laws, Title 18, Section S 793 and 794. The transmission or revelation of its contents in any manner to an unauthorized person is prohibited by law." The document had been classified "restricted," the lowest of military secrecy classifications.

Report

FEDERAL PAYROLL -- The government's civilian payroll increased by \$322 million during fiscal 1953, which ended June 30, although the number of employees dropped by 127,124, according to a report Sept. 7 by Chairman Harry Flood Byrd (D Va.) of the Joint Committee on Reduction of Non-essential Federal Expenditures.

Coming Up

INDIAN AFFAIRS -- A House Interior Subcommittee announced a hearing Sept. 4 in Eugene, Ore., to determine whether the Bureau of Indian Affairs has served satisfactorily as guardian of Indian property.

AGRICULTURE HEARING -- Rep. Clifford R. Hope (R Kan.), Chairman of the House Agriculture Committee, announced Sept. 10 that an Agriculture subcommittee will hold a public hearing Sept. 7 at Tucumcari, N.M., to study the area's farm and ranch problems. (CQ Weekly Report, p. 1067.)

On Tour

AFRICAN AIRBASES -- Sen. Francis Case (R S.D.) Chairman of the Senate Subcommittee on Real Estate and Military Construction of the Armed Services Committee, said from London Sept. 9 that the Subcommittee plans to make an inspection of U.S. air bases in North Africa. Case said that the group will "spend considerable time in Spain where negotiations for sites are causing some difficulty." Sens. John C. Stennis (D Miss.) and James H. Duff (R Pa.) are also members of the group.

EUROPEAN BASES -- Rep. William E. Hess (R Ohio), Chairman of the House Special Subcommittee on Defense Activities of the Armed Services Committee, said Sept. 8 that there would be no banquets, speeches or cocktail parties during the Subcommittee's inspection tour of United States military bases and prospective military bases in Europe.

Four Subcommittee members and five main Committee members are making the trip: Reps. Hess, William H. Bates (R Mass.), F. Edward Hebert (D La.), Porter Hardy, Jr. (D Va.), Leon H. Gavin (R Pa.), C. W. Bishop (R Ill.), L. Mendel Rivers (D S.C.), Clyde Doyle (D Calif.) and George P. Miller (D Calif.). They left for Europe Sept. 9.

ATOMIC ENERGY -- Sen. Bourke B. Hickenlooper (R Iowa) of the Joint Committee on Atomic Energy (CQ Weekly Report, p. 1121), said Sept. 8, following the group's arrival at Johannesburg, South Africa, that the Committee is concerned with investigating the availability of supplies of raw material for atomic energy.

MUTUAL SECURITY -- Rep. H. Carl Andersen (R Minn.) Chairman of the House Agriculture Subcommittee of the Appropriations Committee, said Sept. 4, before leaving for Europe on a world-wide trip to study the Mutual Security Program, that his group hopes "to find ways and means of saving the taxpayers millions, perhaps hundreds of millions, of dollars."

REFUGEE RELIEF -- Reps. Kenneth B. Keating (R N.Y.) and Patrick J. Hillings (R Calif.), members of the House Judiciary Committee, said in Switzerland Sept. 5 that it was "most unlikely" that the quota of 214,000 new immigrants set under the Refugee Relief Act would be filled when the Act expires. (CQ Weekly Report, p. 1121.) The Congressmen are investigating immigration procedure. Hillings said that in Holland, where Dutch victims of last winter's flood were allocated 15,000 visas, "very few want to leave their country."

IMMIGRATION -- Chairman Arthur V. Watkins (R Utah) of the Subcommittee on Immigration and Naturalization of the Senate Judiciary Committee, said Sept. 4, before leaving for a study of the refugee problems of Europe and the Arab countries, that "we have not had" the McCarran-Walter Immigration Act "long enough to evaluate it." He said that if a study showed that the Act needed revision, he would "go along with it." (CQ Weekly Report, p. 1137.)

KNOWLAND IN FORMOSA

Sen. William F. Knowland (R Calif.) Sept. 10 had dinner with Chiang Kai-shek, president of Nationalist China, on Formosa. The day before, Knowland said it would be a betrayal of Korean casualties "to welcome the murderer (Red China)" into the United Nations.

ELLENDER IN ETHIOPIA

Sen. Allen J. Ellender (D La.) of the Senate Appropriations Committee, was granted an audience Sept. 8 with Emperor Haile Selassie of Ethiopia. Ellender is making a 16-nation inspection of American embassies and the operation of the Point Four Program.

CONGRESSIONAL BRIEFS

WILL FIGHT UMT

Chairman Dewey Short (R Mo.) of the House Armed Services Committee announced Sept. 5 he would fight any move to establish Universal Military Training during the next Congressional session. He has consistently opposed UMT.

PREDICTS SALES TAX

Rep. Herman P. Eberharter (D Pa.) predicted Sept. 6, "It is almost a sure thing" that President Eisenhower will propose a national sales tax and "Congress will be pushed mercilessly to put it into effect."

POSTAL TAX?

Sen. Paul H. Douglas (D Ill.) asserted Sept. 5 that postal rate increases requested by the Republican Administration would put "a postal tax" on every citizen in order to subsidize big magazine publishers, mail advertisers and airlines.

WOULD OUTLAW REDS

A recommendation that the Communist party be outlawed and anti-espionage laws tightened was made Sept. 5 by Sen. Charles E. Potter (R Mich.).

POLITICIANS ONLY?

Chairman Hugh Butler (R Neb.) of the Senate Interior and Insular Affairs Committee said Sept. 5 he believes he has convinced "the rank and file in Alaska that statehood should not come at this time." He said, "Most of the clamor for statehood is coming from politicians who want to run for office."

H-BUDGET?

Senate Minority Leader Lyndon B. Johnson (D Tex.) said Sept. 7 he hopes a "true hydrogen age budget" will be submitted to Congress. The announcement that Russia also has the H-bomb, Johnson said, "could change not only our military plans but our budgetary and economic programs and our very way of life."

FORMER SENATOR DIES

Former-Sen. George A. Wilson (R Iowa) died Sept. 8 at 69. He was elected to the Senate Nov. 3, 1942, and was defeated by Sen. Guy M. Gillette (D) in 1948.

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congressional quiz

1. **Q**--Has the Senate ever rejected a nomination to the Supreme Court?

A--Yes. The last rejected Court nominee was John J. Parker, turned down by the Senate May 7, 1930. In an earlier case, a nominee who was rejected had been appointed while the Senate was in recess (as President Eisenhower is expected to do in order to fill the vacancy left by Chief Justice Vinson's death Sept. 8.). John Rutledge was appointed the second Chief Justice July 1, 1795, and presided at the August term that year. Dec. 15, 1795, the Senate refused to confirm him as a permanent member of the Court, and he was succeeded by Oliver Ellsworth. Mr. Eisenhower may make a recess appointment to the Court before it convenes in October, and his appointee could serve until the end of Congress' next session, or until the Senate disposes of a permanent nomination. During the session, Mr. Eisenhower would send the Senate a permanent nomination, almost certainly the person appointed during recess. The nomination would be subject to confirmation or rejection.

2. **Q**--What is the "loyalty pledge" which has aroused the ire of so many Southern Democrats?

A--Faced with warnings that some Southern Democrats planned to support Eisenhower instead of Stevenson for President (in some cases keeping the latter off ballots), the 1952 convention passed a rule requiring delegates to promise to do all in their power to get the names of Democratic nominees on their states' ballots, under the Democratic label, provided their efforts would not contravene state laws nor instructions of state Democratic governing bodies. This was a compromise version; with the exceptions for state laws and state party instructions added. South Carolina, Virginia and Louisiana delegations did not sign it, but the convention voted to seat them anyway. The rule remains in force but repeal attempts may be made at the 1956 convention.

3. **Q**--Did the House Un-American Activities Committee ever determine whether or not the Rev. Jack Richard McMichael had attended Communist Party meetings, as some witnesses charged?

A--No, but the Committee voted to send the record of the hearings to the Justice Department for possible perjury prosecution of either McMichael or his accusers, whom the minister called "liars and perjurers."

4. **Q**--Do the stands taken by Senators from the same states during the first session show that local interests led them to agree on most issues?

A--Only if both Senators are from the same party. Senators from the 18 "solid" Republican states agreed when both Senators from a state took stands 81.2 per cent of the time on issues reaching roll-call votes. (Announced stands and pairings, as well as votes, were used in this calculation.) The 18 "solid" Democratic Senate delegations agreed 81.1 per cent of the time. In the 12 mixed delegations, split between two parties, the two Senators agreed on only 48.9 per cent of roll-call issues. Agreement for all 48 delegations averaged 73.2 per cent.

5. **Q**--Which Senate delegations agreed or disagreed most often during the first session?

A--Republicans Wallace F. Bennett and Arthur V. Watkins of Utah scored highest, agreeing on 95 per cent of the roll-call issues on which they both took stands. Arizona's Republican Barry M. Goldwater and Democrat Carl Hayden agreed only 24 per cent of the time -- low mark in the Senate.

6. **Q**--What is the current rate of U.S. deliveries of military aid to our allies?

A--During the first half of 1953, deliveries totaled \$2,363,000,000 in value according to Harold E. Stassen, Director of the Foreign Operations Administration. Deliveries reached \$1,447,000,000 during the second six months of 1952, and \$880 million during the first half of 1952.

7. **Q**--When he announced the \$2 billion cut in estimated federal expenditures during fiscal 1954, did Secretary of the Treasury George M. Humphrey predict a balanced budget?

A--No. He estimated that the fiscal 1954 deficit will be \$3.8 billion. Humphrey said, however, that the Administration will be "well under way" toward balancing the cash budget before next June 30, barring "unexpected" developments.

8. **Q**--Which three matters do Members of Congress consider the key issues of the second session, which will convene in January, and of the 1954 election campaign?

A--A large majority of the 223 Members who voted in a Congressional Quarterly poll tabulated Sept. 4 called Korea the top issue, followed in order by tax reduction and economy in government.

NOTE: CQ Weekly Report and Almanac pages on which additional data can be found: (2) 1134, Almanac, Vol. VIII, 1952, p. 489; (3) 1120; (4) 1111; (5) 1111; (6) 1122; (7) 1124 and (8) 1127-28.